



NEWS

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FOR FURTHER INFORMATION
David M. Smith
Division of Revenue
(302) 577-8958

Wilmington Man Arrested in Cigarette Tax Scheme

(Wilmington, DE) – Delaware Division of Revenue Director Patrick T. Carter announced today that a collaborative law enforcement effort has apprehended cigarette trafficker Charanjit “Tony” Singh, 51, of Wilmington, Delaware.

Singh was arrested February 7, 2008 when agents executed search warrants at several addresses in Wilmington, including as many as seven storage facilities where Singh stockpiled illegal cigarettes. Authorities also searched Singh’s residence in Wilmington. Singh faces numerous charges, including possessing and selling unstamped cigarettes in the State of Delaware, a violation of the federal Contraband Cigarette Trafficking Act.

The undercover investigation that led to his arrest began after law enforcement learned from an informant that Singh - a Delaware retailer - possessed substantial amounts of untaxed cigarettes. Over the next twelve months, Singh made numerous purchases of untaxed cigarettes from an undercover agent worth more than \$500,000. It is alleged that Singh affixed counterfeit tax stamps onto thousands of packs of cigarettes and then resold these cigarettes out of his retail store, Ridge Tobacco, and also allegedly resold many of these cigarettes to retailers in higher-taxed states, including New Jersey and New York.

Authorities seized approximately 17,000 cartons of contraband cigarettes, many with counterfeit tax stamps, worth an estimated retail value of more than \$500,000. The cartons failed to reflect more than \$195,000 in Delaware tax revenue. In addition, approximately 33,000 unapplied counterfeit tax stamps were seized along with nearly \$350,000 in currency.

“The operation has dismantled the largest cigarette trafficking ring ever uncovered in the State of Delaware”, said David M. Smith, special investigator with the Delaware Division of Revenue. Under Delaware law, only affixing agents licensed by the Delaware Division of Revenue are authorized to receive and possess cigarettes without Delaware tax stamps. Affixing agents must purchase the tax stamps, at a cost of \$1.15 per pack, and affix them to each package of cigarettes prior to distribution. Individuals who traffic contraband cigarettes commonly evade this state tax by placing counterfeit tax stamps onto packages of cigarettes.

If convicted, Singh faces up to five years in prison and a \$250,000 fine on each count related to cigarette trafficking and counterfeiting. In the event of a conviction all cigarettes are subject to forfeiture.

Following a federal detention hearing, Singh was released under certain conditions pending further court action. The investigation will remain ongoing and the case is being reviewed by the Delaware Attorney General’s Office and the U.S. Attorney’s Office.

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